



# PUBLIC NOTICE

Federal Communications Commission  
445 12<sup>th</sup> St., S.W.  
Washington, D.C. 20554

MAILED News Media Information 202 / 418-0500  
Internet: <http://www.fcc.gov>  
TTY: 1-888-835-5322

NOV 14 2007

DOCKET FILE COPY ORIGINAL

FCC 07-182

FCC 07-182

Released: October 19, 2007

## RELEASE OF FUNDING YEAR 2008 ELIGIBLE SERVICES LIST FOR SCHOOLS AND LIBRARIES UNIVERSAL SERVICE MECHANISM

### CC Docket No. 02-6

Via this Public Notice, the Commission releases the Funding Year 2008 Eligible Services List (ESL) for the schools and libraries universal service support mechanism pursuant to section 54.522 of the Commission's rules.<sup>1</sup> On July 27, 2007, the Commission released a Public Notice (FCC 07-130) seeking comment on the ESL proposed by the universal service fund's administrator, the Universal Service Administrative Company (USAC), for Funding Year 2008, as required by section 54.522.<sup>2</sup> Those comments, where applicable, are noted in this Public Notice.

Some of the changes that have been made to the Funding Year 2008 ESL are:

- **Centrex:** In the 2008 ESL, Centrex service is treated as basic telephone service for purposes of the schools and libraries program with the intention of eliminating the requirement that applicants file a technology plan for Centrex service.<sup>3</sup>
- **Internet Access for Distance Learning:** We clarify that basic conduit access to the Internet for the purpose of accessing distance learning and video conferencing is eligible for funding in the Internet access category but distance learning and video conferencing tools are not eligible for funding.
- **Broadband over Power Lines (BPL):** We add BPL under the entry for Digital Transmission Services to allow applicants to seek funding for the transmission component of BPL as a telecommunications service.<sup>4</sup>
- **BPL-enabled Internet access service:** We add BPL-enabled Internet access service under the entry for Internet access to allow applicants to seek funding for BPL-enabled Internet access service under the Internet access category if the service is bundled with Internet access.<sup>5</sup>

<sup>1</sup> See 47 C.F.R. § 54.522.

<sup>2</sup> See *Comment Sought on Draft Eligible Services List for Schools and Libraries Universal Service Support Mechanism*, CC Docket No. 96-45, FCC 07-130, Public Notice (rel. Jul. 27, 2007) (July 27<sup>th</sup> Public Notice).

<sup>3</sup> See Comments of E-rate Central 1-3; Kellogg & Sovereign Consulting, LLC 1-2; South Carolina Budget and Control Board 2; State E-rate Coordinators' Alliance (SECA) 2; see also *Request for Review by Brownsville Independent School District, et al.*, File No. SLD-482620, CC Docket No. 02-6, FCC 07-37, Order, para. 7 (rel. Mar. 28, 2007) (waiving the requirement to file a technology plan for an applicant that sought funding for Centrex service but did not have a technology plan in place).

<sup>4</sup> See Comments of First Communications, LLC 1-4.

<sup>5</sup> See Comments of First Communications, LLC 1-4.

- **Ancillary Calendaring Functions:** We clarify that program participants are not required to provide cost allocation for calendaring functions ancillary to E-mail service.
- **Web Hosting:** We clarify the eligible components of a web hosting service.<sup>6</sup>
- **Failover Products or Services:** "Failover" products or services have been added to the list of miscellaneous ineligible components.<sup>7</sup>

As we stated in the July 27<sup>th</sup> Public Notice, this proceeding is limited to determining what services are eligible under the Commission's current rules and is not intended to be a vehicle for changing any eligibility rules. Therefore, those comments not addressed in the Funding Year 2008 ESL may be more appropriately filed for the Commission's consideration in the general proceeding for the Schools and Libraries Universal Service Support Mechanism in CC Docket No. 02-6. Those comments not addressed may include comments that requested eligibility for new services or products, comments that requested that services or products currently deemed ineligible be made eligible, comments that requested that the Commission take action outside of the scope of this proceeding, or comments that requested that the Commission take action that was not permitted by the short time frame allotted for this proceeding by section 54.522 of the Commission's rules.

In addition, section 54.522 requires the Commission to issue a public notice attaching the final eligible services list for the upcoming funding year at least 60 days prior to the opening of the funding window for the schools and libraries program.<sup>8</sup> We authorize USAC to open the annual application filing window on November 7, 2007. Because the filing window would open less than 60 days after the release of this Public Notice, we therefore waive on our own motion section 54.522 of the Commission's rules requiring publication of the ESL at least 60 days prior to the commencement of the filing window.<sup>9</sup> We conclude that this action will facilitate the application process for E-rate beneficiaries applying for monies for funding year 2008.

For further information, contact Gina Spade, James Bachtell or Regina Brown in the Telecommunications Access Policy Division, Wireline Competition Bureau at (202) 418-7400, TTY (202) 418-0484.

Action taken by the Commission on October 18, 2007: Chairman Kevin J. Martin and Commissioners Michael J. Copps, Jonathan S. Adelstein, Deborah Taylor Tate and Robert M. McDowell.

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<sup>6</sup> See Comments of Kellogg & Sovereign Consulting, LLC at 4; South Carolina Budget and Control Board 3.

<sup>7</sup> See Comments of South Carolina Budget and Control Board 3.

<sup>8</sup> *Id.*; see also *Schools and Libraries Universal Service Support Mechanism*, CC Docket No. 02-6, Third Report and Order and Second Further Notice of Proposed Rulemaking, 18 FCC Rcd 26912, 26928, para. 40 (2003).

<sup>9</sup> See 47 C.F.R. § 1.3 (providing that the Commission's rules may be waived for good cause).

# USAC Schools & Libraries

## Eligible Services List Schools and Libraries Support Mechanism for Funding Year 2008

### Overall Eligibility Requirements for All Categories of Service:

The Eligible Services List indicates whether specific products or services may be able to receive discounts under the Schools and Libraries Support Mechanism.

The List is organized into four sections that represent the four funding categories established by the Federal Communications Commission (FCC) plus a Miscellaneous section that is applicable to multiple categories:

Telecommunications Services  
Internet Access  
Internal Connections  
Basic Maintenance of Internal Connections  
Miscellaneous

In addition, the following sections are provided:

Special Eligibility Conditions  
Glossary, providing additional information about  
the terms used in this Eligible Services List  
Index

Funding may be provided only for eligible products or services that will be used for educational purposes. See 47 C.F.R. §§ 54.500(b), 54.504. The conditions for eligibility are described in the specific entries of this Eligible Services List. Services that are not eligible are listed at the end of each category.

All program participants are reminded to review the Special Eligibility Conditions at the end of this Eligible Services List in addition to all of the entries applicable to the services or products they are requesting. Additional information about eligibility requirements is available at USAC's website at <http://www.usac.org/sl/tools/reference-area.aspx>, the reference area of the USAC website at <http://www.usac.org/sl/tools/reference-area.aspx>, and in Schools and Libraries News-briefs available at <http://www.usac.org/sl/tools/news-briefs/Default.aspx>. These documents are not incorporated by reference into the Eligible Services List.

This version of the Eligible Services List is dated XXXX XX, 2007. Some eligibility information in this List represents a change from prior funding years and applies to funding requests for Funding Year 2008.

## Telecommunications Services

### Eligibility Requirements for All Telecommunications Services:

To be eligible for support, Telecommunications Services must be provided by a telecommunications carrier, that is, a company that offers telecommunications services on a common carriage basis.

A telecommunications service is "the offering of telecommunications for a fee directly to the public, or to such classes of users as to be effectively available directly to the public..." [47 U.S.C. 153(46)]. Telecommunications is defined as "the transmission, between or among points specified by the user, of information of the user's choosing, without change in the form or content of the information as sent and received" [47 U.S.C. 153(43)].

All telecommunications carriers are required under FCC rules to be common carriers and to file FCC Form 499A (*Telecommunications Reporting Worksheet*).

Except as otherwise indicated in this section, support in this funding category is only available for telecommunications services or for services that are an integral component part of a telecommunications service. Support in this category of service is not available for equipment purchases by applicants.

In addition, some service offerings provide a combination of both Internet Access and Telecommunications Services. For example, a service provider may offer local phone service, long distance service, cellular service, and Internet access for one price. For administrative convenience, such a combined offering, if provided by an eligible telecommunications carrier, may be requested in the Telecommunications Services category of service. Alternatively, funding may be requested as two separate requests, with the price of the offering appropriately allocated between the Telecommunications Services and Internet Access categories.

If Internet access is being requested in the Telecommunications Services category, applicants must indicate that Internet access is being sought when filing FCC Form 470. Please note that funding of Internet access in the Telecommunications Services category does not relieve applicants of responsibilities they may have under the Children's Internet Protection Act.

| Function                      | Description  |
|-------------------------------|--|
| Digital Transmission Services | <ul style="list-style-type: none"><li>A telecommunications service that provides transmission from an eligible school or library facility to other locations beyond the school or library is eligible for discount. Digital transmission services refer to data links that connect multiple points using any available technology. An eligible digital transmission service may be used to connect an eligible location to the Internet or Internet2. Digital transmission services used to link</li></ul> |

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|                                 | <p>local networks are commonly called "wide area networks" (WANs).</p> <p>Eligible digital transmission technologies include, but are not limited to:</p> <ul style="list-style-type: none"> <li>• <u>Asynchronous Transfer Mode (ATM)</u></li> <li>• <u>Broadband over Power Lines (BPL)</u></li> <li>• <u>Digital Subscriber Line (DSL)</u></li> <li>• <u>DS-1, DS-2, DS-3</u></li> <li>• <u>Fiber optics</u></li> <li>• <u>Frame Relay</u></li> <li>• <u>Integrated Services Digital Network (ISDN, BRI, PRI)</u></li> <li>• <u>OC-1, OC-3, OC-12, OC-n</u></li> <li>• <u>Satellite service</u></li> <li>• <u>Switched Multimegabit Data Service (SMDS)</u></li> <li>• <u>T-1, T-2, T-3, Fractional T-1</u></li> <li>• <u>Wireless</u></li> </ul> <p>Components required as an integral part of a digital transmission service are eligible for discount, such as:</p> <ul style="list-style-type: none"> <li>• costs of a <u>permanent virtual circuit (PVC)</u></li> <li>• costs of <u>trunk lines</u></li> <li>• reasonable installation costs</li> </ul> <p>The telecommunications component of:</p> <ul style="list-style-type: none"> <li>• a <u>distance learning</u> capability,</li> <li>• <u>video service</u>, or</li> <li>• <u>interactive television</u> is eligible for discount.</li> </ul> |
| <p><b>Paging</b></p>            | <p><u>Paging services</u> are eligible when integral, immediate, and proximate to the education of students. Services occurring at eligible locations are presumed to meet this standard, as well as, for example, paging services used by a bus driver delivering students to school, a library staff member in a mobile van, and teachers on field trips.</p>   |
| <p><b>Telephone Service</b></p> | <p>"Telephone Service" refers to communication that takes place using the public switched telephone network. Costs to subscribe to a telephone service are generally eligible for discount. The following telephone services are "basic" for purposes of the schools and libraries program and do not require a technology plan:</p> <ul style="list-style-type: none"> <li>• <u>800 service</u></li> <li>• <u>Centrex</u></li> <li>• <u>Local phone service</u></li> <li>• <u>Long distance telephone service</u></li> <li>• <u>POTS ("Plain Old Telephone Service")</u></li> <li>• <u>Radio loop</u></li> <li>• <u>Wireless telephone services, e.g., cellular service and Personal Communications Services (PCS)</u></li> <li>• <u>Shared telephone service (only that portion of the</u></li> </ul>   |

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|   | <p>shared service relating to the eligible use and location is eligible)</p> <ul style="list-style-type: none"> <li>• Telecommunications services and voice mail services used to provide a homework hotline service are eligible. For example, a toll-free telephone number for students to contact school regarding questions about homework</li> </ul> <p>Various payment options may be used with these eligible services, and phone bills may include billing terms such as <u>flat rate</u>, <u>local measured service</u>, and <u>message rate service</u>. <u>Phone calling cards</u> may be used if they are used for an educational purpose.</p> <p>Service to an eligible location for educational or library purposes can provide voice communication, fax connections, modem connections, <u>911/E911 trunks/lines</u> or an <u>alarm telephone line</u>.</p> |
| <p>Telephone Service Components</p>               | <p>Telephone features indicated in this section are eligible for discount if they are a component part of a telephone service. Generally, this requirement means that these charges will appear on the same bill as the telephone service itself.</p> <ul style="list-style-type: none"> <li>• <u>900/976 call blocking</u></li> <li>• <u>Custom calling services</u></li> <li>• <u>Direct Inward Dialing (DID)</u></li> <li>• <u>Directory assistance charges</u></li> <li>• <u>Inside wire maintenance plan</u>. An inside wire maintenance plan is eligible as a component part of a telephone service only if charges are minimal.</li> <li>• <u>Installation charges</u>—see the entry for "<u>Installation and Configuration</u>" in the Miscellaneous section</li> <li>• <u>Network access register charges</u></li> <li>• <u>PIC change charge</u></li> </ul>      |
| <p>Other Eligible Telecommunications Services</p> | <p>The telecommunications component of voice or video <u>conferencing services</u> that provide a means for multiple users to participate in group discussions can be eligible if the services are limited only to eligible educational or library purposes or if an auditable monitoring system is in place that provides a way to allocate between eligible and ineligible uses.</p> <p>Maintenance and technical support appropriate to maintain reliable operation is eligible for discount when provided as a component of an eligible telecommunications service.</p> <p>Please see the <u>Miscellaneous</u> section of this document for additional entries applicable to Telecommunications Services, such as charges for installation and configuration.</p>  |

**Ineligible for E-rate Funding as Telecommunications Services (Not Eligible)**

**The following services are NOT ELIGIBLE for discount:**

- 900 /976 charges
- Dark fiber service
- Direct Broadcast Satellite and other services that provide broadcast content or cable television
- Directory advertising
- Extra costs for directory listings
- Payphone telephone service
- Reverse directory assistance
- Non-telecommunications components of a distance learning service, video service, or interactive television service, such as a scheduling service or services for creation, maintenance, and storage of content
- Internet2 membership dues
- Residential telephone service is not eligible except in cases where state or local law or tariffs allow a school or library to receive local service at the residential rates
- Charges for creation, configuration, or maintenance of content
- Services that go beyond a telecommunications service, such as monitoring services for 911, E911, or an alarm telephone line
- Services that connect to a residential facility or home
- Services that provide voice, video, or data connectivity exclusively within school or library grounds are not eligible for funding as Telecommunications Services but may be eligible as Internal Connections
- Services to ineligible locations, such as telephone service to residential facilities

Please see the Miscellaneous section of this document for additional entries applicable to Telecommunications Services. For example, finance charges and termination charges are not eligible.

## Internet Access

### Eligibility Requirements for All Internet Access Services:

Internet access is an information service. Briefly, an information service is "the offering of a capability for generating, acquiring, storing, transforming, processing, retrieving, utilizing, or making available information via telecommunications...." [47 U.S.C. 153(20)].

Support in this funding category is only available for basic conduit access to the Internet or for services that are an integral component part of basic conduit access. Support in this category of service is not available for content, equipment purchases by applicants, or services beyond basic conduit access to the Internet.

To qualify as Internet access, all services must reach the boundary of public Internet space.

Service providers for Internet access need not be telecommunications carriers.

| Function  | Description  |
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| <p>Distance Learning and Video Conferencing</p> | <p>The basic conduit access to the Internet may be used to access Internet based distance learning and video conferencing services. However, the charges for web meetings or online collaboration solutions for the provision of distance learning or video conferencing charges (e.g. web meetings or online collaboration solutions) are NOT Eligible for discount.</p> <p>A point-to-point connection (e.g. ISDN line) for <u>distance learning</u> or video conferencing is NOT eligible as Internet Access and may only be provided by eligible telecommunication carriers.</p> <p>Videoconferencing components at customer sites may be eligible as Internal Connections. See the Video Components entry in the Internal Connections section of this Eligible Services List.</p> |
| <p>E-mail Service</p>                           | <p>Internet-based <u>e-mail service</u> is eligible. Such a service is often included in the cost of basic conduit access to the Internet or may be provided at a separate cost, either as a fixed charge and/or on a per-user or other basis.</p> <p>Some e-mail services may include substantial ineligible features, such as collaboration tools, and services to ineligible users. Funding is limited strictly to the eligible e-mail portion. Any <u>cost allocation</u> must be based on tangible information that provides a reasonable and appropriate delineation between the eligible and ineligible components.</p>   |

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| <p><b>Internet Access</b></p> | <p><b>Basic conduit access to the Internet is eligible regardless of technology platform. Access technologies include but are not limited to:</b></p> <ul style="list-style-type: none"> <li>• <u>Broadband over Power Lines (BPL)</u>-enabled Internet access service</li> <li>• <u>Cable Modem</u></li> <li>• <u>Digital Subscriber Line (DSL)</u></li> <li>• Telephone dial-up</li> <li>• <u>T-1 lines</u></li> <li>• <u>Wireless</u></li> </ul> <p>Eligible Internet access may include features typically provided for adequate functionality and performance when provided as a standard component of a vendor's Internet access service. Such features may include <u>Domain Name Service (DNS)</u>, <u>Dynamic Host Configuration Protocol (DHCP)</u>, and <u>firewall</u> protection against unauthorized access.</p> <p>A wireless Internet access service is eligible under the same provisions as wired access to the Internet.</p> <p>Wide Area Network facilities can be eligible for funding as a part of Internet access if the service is limited to basic conduit access to the Internet and the offering is the most cost-effective means of accessing the Internet.</p> <p><u>GSP (Global Service Provider) fees</u> necessary to obtain Internet access are eligible.</p> <p>A wireless Internet access service designed for portable electronic devices is eligible to be funded if used for educational purposes.</p> |
| <p><b>Web Hosting</b></p>     | <p>A <u>web hosting service</u> that provides a means for a school or library to display content on the Internet is eligible.</p> <p><u>Domain name registration</u> necessary for the creation of a school or library website is eligible for discount.</p> <p>Funding is limited strictly to the following eligible web hosting functions:</p> <ul style="list-style-type: none"> <li>○ Provision of web site traffic (bandwidth)</li> <li>○ Provision of disk space for storing applicant provided content</li> <li>○ Provision of File Transfer Protocol (FTP) transfer or a Web interface to upload files</li> </ul> <p>Some web hosting services may include ineligible features, such as software applications, end-user file storage and content editing features. Funding will not be provided for such features. Any cost allocation must be based on tangible information that provides a reasonable and appropriate delineation between the eligible and ineligible components.</p>  |

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| <p>Other Eligible Internet Access Services</p>  | <p>Maintenance and technical support appropriate to maintain reliable operation is eligible for discount when provided as a component of an eligible Internet access service.</p> <p>Please see the <u>Miscellaneous</u> section of this document for additional entries applicable to Internet access, such as charges for installation and configuration.</p>   |
| <p>Ineligible for E-rate Funding as Internet Access Services</p> <p><i>(Not Eligible)</i></p> | <p>The following services are <b>NOT ELIGIBLE</b> for discount:</p> <ul style="list-style-type: none"> <li>• <u>Internet content</u> or charges for the creation or display of information. Internet access that provides features or content that go beyond basic conduit access to the Internet is not eligible for funding. (E-mail service and e-mail account fees, however, are not considered Internet content. Applicants may accept an Internet Access service with minimal content included if the content meets the limitations for Ancillary Use. See Special Eligibility Conditions below for Ancillary Use.)</li> <li>• Costs attributable to the creation or modification of information, such as a <u>web site creation fee</u> or content maintenance fee</li> <li>• Charges to access Internet content or limited-access information</li> <li>• Charges for distance learning or video conferencing utilities such as web meetings or online collaboration solutions</li> <li>• Software, services, or systems used to create or edit Internet content</li> <li>• <u>Internet2</u> fees</li> <li>• <u>Dark fiber</u> service</li> <li>• Training in the use of the Internet</li> <li>• Costs for training provided via the Internet</li> <li>• Services that go beyond basic conduit access to the Internet</li> <li>• Point-to-point connectivity of data, video, or voice applications that are to be provided only by eligible telecommunications carriers</li> <li>• Specialized services that go beyond basic conduit access to the Internet, such as Virtual Private Network services</li> <li>• Web site creation fee</li> <li>• Electronic library/on-line public access and associated software</li> </ul> <p>Separate pricing for the following components when not included in the standard configuration of an Internet access service is <b>NOT ELIGIBLE</b>:</p> |

- Caching service
- Content filtering service
- Web Casting

Please see the Miscellaneous section of this document for additional entries applicable to Internet access. For example, finance charges and termination charges are not eligible.

## Internal Connections

### Eligibility Requirements for All Internal Connections:

Internal Connections are components located at the applicant site that are necessary to transport information to classrooms, publicly accessible rooms of a library, and to eligible administrative areas or buildings. Internal Connections include connections within, between or among instructional buildings that comprise a school campus or library branch, but do not include services that extend beyond the school campus or library branch.

Components at the applicant site are eligible only if they are an essential element in the transmission of information within the school or library. The components must be necessary to transport information all the way to individual classrooms or public areas of a library.

Internal Connections do not include services that extend across a public right-of-way beyond the school or library facility.

Funding for Internal Connections is subject to the provisions of the "Two-in-Five Rule."

| Function                     | Description   |
|------------------------------|---|
| Cabling/<br>Connectors       | <p><u>Cabling, connectors</u>, and related components used for eligible voice, video, and data transmission within an eligible location are eligible for discount. Eligible components include:</p> <ul style="list-style-type: none"> <li>• Cable (e.g., copper, fiber, coax, twisted pair)</li> <li>• Connectors and couplers</li> <li>• Jacks, panels, <u>faceplates</u> and <u>wire managers</u></li> <li>• <u>Conduit and raceway</u></li> <li>• Other cabling components necessary to transport information all the way to individual classrooms or public areas of a library.</li> </ul> <p><u>Consumable components</u> are eligible only when included as part of the original installation of eligible components.</p> <p><u>Eligibility limitations</u><br/>If cabling or cabling components are used for both eligible and ineligible purposes, the cost of the ineligible portion must be <u>cost allocated</u>.</p> |
| Circuit Cards/<br>Components | <p><u>Circuit cards</u> and related components, such as <u>memory modules/Random Access Memory (RAM)</u> are eligible if they are necessary for adequate performance of an eligible component, such as an eligible PBX, router, or server.</p> <p><u>Network interface cards (NICs)</u> that are separately priced or used in eligible equipment are eligible.</p>  |

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|                                 | <p>Processors and a <u>processor terminator card</u> are eligible if used in an eligible component.</p> <p><u>Phone modems</u> can be eligible if used with an eligible server or other eligible device for providing remote dial-in network access, if the remote access is limited to connections from eligible locations.</p>   |
| <p><b>Data Distribution</b></p> | <p>Components used to distribute information from telecommunication or Internet access facilities all the way to individual classrooms or public areas of a library are eligible.</p> <p>Such components may include:</p> <ul style="list-style-type: none"> <li>• <u>Access Point</u> used in a LAN environment</li> <li>• <u>Hub</u></li> <li>• <u>Multiplexer</u> used as part of a LAN</li> <li>• <u>Network Switches</u> are eligible for discount when used for an eligible purpose</li> <li>• <u>Routers</u> are eligible for a discount when used for an eligible purpose</li> </ul> <p><u>Voice/Video over IP (VoIP) components</u> are eligible as Internal Connections.</p> <p>Components such as those indicated above are typically configured into a <u>local area network</u> or <u>wireless local area network</u>.</p> <p>Some products may have modules or features that are not eligible, (e.g., content filtering, network management, and caching). If these ineligible components are available separately, or the applicant specifically seeks the ineligible functions, their cost must be subtracted from the amount eligible for discount.</p> |
| <p><b>Data Protection</b></p>   | <p>Data protection components are used to ensure the continued operation of eligible equipment by protecting equipment and computer files from environmental or security hazards. The following components are eligible if used to provide basic and reasonable measures for data protection:</p> <ul style="list-style-type: none"> <li>• <u>Firewall</u></li> <li>• <u>Proxy Server</u></li> <li>• <u>Tape Backup</u> when used as part of an eligible server</li> <li>• <u>Virtual Private Network (VPN) Components</u></li> <li>• <u>Tape backup cartridge units</u> are eligible when used as part of an eligible server. A cartridge included with a tape backup may be provided as an integral component of the backup unit, if the cartridge is part of the standard product configuration and provided at no additional cost.</li> </ul>  |

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|  | <p><b><u>An Uninterruptible Power Supply (UPS)/Battery Backup that protects eligible equipment is eligible as a data protection component, but no funding will be provided for UPS systems that can provide continued backup power for substantial periods in excess of that necessary for basic power protection.</u></b></p> <p>The following components used for the reliable operation of a UPS are eligible:</p> <ul style="list-style-type: none"> <li>• <u>UPS Interface Expander</u></li> <li>• <u>Relay I/O Module</u></li> </ul>   |
| <p><b>Interfaces,<br/>Gateways,<br/>Antennas</b></p> | <p>Interfaces, gateways, and antennas represent miscellaneous components that are eligible when used for an eligible purpose to transport telecommunications or Internet access information all the way to individual classrooms or public areas of a library.</p> <p>The following components are generally eligible:</p> <ul style="list-style-type: none"> <li>• <u>Bridge</u></li> <li>• <u>Cable Modem</u> (but not for receipt of cable TV service; may also be leased as part of Internet access service)</li> <li>• <u>Channel Service Unit/Data Service Unit (CSU/DSU)</u> (may also be leased as part of Priority One service)</li> <li>• <u>Copper-to-Fiber (TX-to-FX) converter</u></li> <li>• <u>FRAD</u></li> <li>• <u>Gateway</u></li> <li>• <u>Interface/Edge Device</u></li> <li>• <u>Network Interface Device</u></li> <li>• <u>Media Converter</u></li> <li>• <u>Terminal Adapter</u></li> <li>• <u>Transceiver</u></li> <li>• <u>Voice/Fax network module</u></li> </ul> <p><b><u>Eligibility limitations for antennas</u></b></p> <p><u>Antennas and related components, such as satellite dishes used for eligible purposes, are eligible for discount if they are priced separately on a contract or are sold separately. Antennas embedded in ineligible equipment such as computer workstations are not eligible.</u></p> <p>Antennas and other components used for the receipt of over-the-air radio and television broadcast signals or for radio signals from cable television operators are not eligible.</p> <p>While an antenna <u>mast</u> that supports eligible Internal Connections is eligible, large antenna towers are not eligible as Internal Connections.</p> |

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| <p><b>Servers</b></p>  | <p>Computers used as <u>servers</u> or similar centralized functions are eligible if the use is necessary to transport information all the way to individual classrooms or public areas of a library.</p> <p>A server can be eligible or not eligible, depending on how it is used. An eligible server must serve as a conduit for information rather than as a source for content. Servers typically provide multiple functions. If servers are used for both eligible and ineligible purposes, the cost of the ineligible portion must be <u>cost allocated</u>. The following uses are eligible:</p> <ul style="list-style-type: none"> <li>• <u>Dynamic Host Configuration Protocol (DHCP)</u></li> <li>• <u>Domain Name Service (DNS)</u></li> <li>• <u>E-mail</u></li> <li>• <u>Firewall or Proxy Server</u></li> </ul> <p>The following servers are eligible only in certain cases:</p> <p><u>Remote Access Components</u>— Eligible if steps are taken to ensure that remote access is limited to connections from eligible locations. Remote access cannot be provided to homes or other non-school or non-library sites.</p> <p><u>Terminal Server</u>— Eligible to the extent that the use meets the other eligible server types indicated in this section but not eligible as a source for ineligible software applications or other ineligible uses.</p> <p><u>Web Server</u>— Eligible if used to provide content to users of the Internet but not eligible as a source for software applications, database functions, or storage of end-user files.</p> <p>One <u>monitor</u> per eligible server or other eligible component requiring a visual display is eligible for discount. However, special-purpose devices, such as large screen monitors, are not eligible.</p> <p>A <u>KVM switch</u> ("keyboard-video-mouse" switch) is eligible if <u>cost-effective</u> in comparison to the individual components that would otherwise be necessary.</p> |
| <p><b>Software</b></p> | <p>Some types of computer <u>software</u> are eligible for discount.</p> <p><u>Operating system software</u>, such as network operating system software required to obtain operation of an eligible component, is eligible, including functionality provided with the core operating system, at no cost. Additional software products available separately that provide optional operational features are not eligible for discount.</p> <p><u>E-mail</u> software that is a server-based, shared product is eligible. If such a software product provides substantial additional functionality that is not eligible, such as database, workflow, or groupware features, only the e-mail portion of the product is eligible and the cost of the ineligible portion must be <u>cost allocated</u>.</p>  |

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|                                    | <p>E-mail software or other eligible components that include content filtering as an integral component part are eligible, but a separately priced content filtering module or product is not eligible.</p> <p>Software for a server-based, shared <u>voice mail</u> system is eligible.</p> <p><u>Client Access Licenses</u> for eligible software products are eligible, but Client Access Licenses for ineligible software products are not eligible.</p>  |
| <p><b>Storage Devices</b></p>      | <p>Storage devices provide electronic data storage on magnetic or other media. Devices include <u>hard disk drives</u>, CD ROM drives, DVD drives, and floppy disk drives.</p> <p>Storage products may be used to store the operating system of an eligible product, such as a network server used for an eligible purpose. (See the entry for <u>Servers</u> for further information.) In addition, storage products may be used for eligible e-mail files.</p> <p>An eligible server or other eligible component that provides a storage product such as a DVD drive as an integral component part at no additional cost is eligible.</p>   |
| <p><b>Telephone Components</b></p> | <p>Centralized components that are an essential element in the transport of telephone services within a school or library are eligible. This includes:</p> <ul style="list-style-type: none"> <li>• <u>Private Branch Exchange (PBX)</u></li> <li>• <u>Key System (KSU)</u></li> <li>• <u>Voice Mail Components</u></li> <li>• <u>Wireless PBX Adjunct</u></li> <li>• VoIP Telephony Equipment</li> </ul> <p>In addition, the following features are eligible:</p> <ul style="list-style-type: none"> <li>• <u>Automatic Route Selection (ARS)</u></li> <li>• <u>E911 Reader Board</u></li> <li>• <u>Voice Compression Module</u></li> <li>• <u>Voice Interface Card</u></li> </ul> <p>One <u>switchboard/attendant console</u> necessary for operation of each eligible PBX or eligible Centrex telephone service is eligible.</p> <p>An intercom system that is an integral component of a PBX or other eligible product can be included in the cost of the eligible component.</p> |

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| <p><b>Video Components</b></p>  | <p>Centralized <u>video components</u> necessary to transport information all the way to individual classrooms or public areas of a library are eligible. This includes:</p> <ul style="list-style-type: none"> <li>• <u>CODEC / video encoder</u></li> <li>• <u>Master Control Unit</u></li> <li>• <u>Multipoint Control Unit</u></li> <li>• <u>PVBX</u></li> <li>• <u>Video Amplifier</u></li> <li>• <u>Video Channel Modulator</u></li> <li>• <u>Enhanced Multimedia Interface</u></li> </ul> <p>Equipment that is used to control the programming, distribution, and selection of video content can be eligible if used in the transport of information to individual classrooms or public areas of a library, however such components are not eligible if used in end-user equipment and/or are operated directly by end-users.</p>   |
| <p><b>Other Eligible Internal Connections Components</b></p>                          | <p><u>Documentation</u> in hard copy or electronic form is eligible for discount if it is basic and is provided as part of the purchase of eligible components.</p> <p><u>Racks and cabinets</u> are eligible only to the extent that the components they contain are eligible. A surge protector provided as an integral component of a rack or cabinet without separately identifiable cost can be included in the cost of the rack or cabinet, but a separately-priced surge protector is not eligible.</p> <p><u>System improvements and upgrades</u> to eligible components are eligible for discount. Memory upgrades, for example, to eligible servers are eligible, but memory upgrades would not be eligible in end-user workstations.</p> <p>Please see the <u>Miscellaneous</u> section of this document for additional entries applicable to Internal Connections, such as charges for installation and configuration.</p> |
| <p><b>Ineligible Internal Connections Components</b></p> <p><i>(Not Eligible)</i></p> | <p>Products and services are only eligible as Internal Connections if they are an essential element in the transmission of information within the school or library.</p> <p>The following components are <b>NOT ELIGIBLE</b>:</p> <ul style="list-style-type: none"> <li>• <u>Asbestos removal</u></li> <li>• <u>Broadcast and cable television equipment</u></li> <li>• <u>Electrical system upgrades</u></li> <li>• <u>Multimedia content, such as encyclopedias on CD ROM, video information, etc., also including multimedia kits</u></li> <li>• <u>Intercom and public address (PA) system</u></li> <li>• <u>Spare parts</u></li> </ul>   |

- External speakers (except when provided at no cost as an integral part of an eligible component)
- Test Equipment
- Consumable Kits which contain installation tools
- Wiring and components providing electrical service or for radio or television broadcast or cable services
- Network interface cards that are embedded in ineligible equipment (such as end-user equipment) or included in the pricing for ineligible equipment
- Phone modems that are provided in or with end-user equipment, or used to provide dial-in access from ineligible locations such as homes or other non-school or non-library sites
- Lightning Arrestor
- Surge Protector
- Power Strips
- Disaster Recovery
- Environmental Monitoring components
- Components that are installed in standby mode, redundant, not active and online, or otherwise not an essential element in the transmission of information within the school or library

**Ineligible Servers:**

- Storage of application software, databases accessed by end users, or end-user files other than e-mail files
- End-user personal computers/workstations, even if the device also provides server functionality
- Caching server and print server. (However, caching and print server features provided by the core network operating system may be utilized if the principal function of the server is for other purposes that are eligible).
- Laptop/notebook computer (presumed to not be eligible because a laptop is typically used as an end user workstation).

**Ineligible Software:**

- All end-user software
- Application Software other than server-based, shared e-mail
- Developmental software
- Network management software
- Operating system software for end-user computers
- Security software
- Utility software, such as anti-virus software

**Ineligible Storage:**

- Devices used to supplement storage requirements of

personal computers on a network. For example, storage devices are not eligible if used to store the following information: end-user files other than e-mail files; application software; other ineligible software; archival information; caching information

- Storage devices in end-user components, such as end-user computer workstations
- Consumable storage media, such as floppy disks, recordable CD ROM media, and cartridge magnetic tape

#### Ineligible Data Protection Components:

- Tape backup cartridge units when part of a PC or workstation
- Cost of purchasing additional or separate tapes

#### Ineligible Telephone Components:

- Automatic Call Distribution System (ACD)
- Call Accounting System
- Call Sequencer
- Homework Hotline Equipment
- Station Message Detail Recording (SMDR)
- An intercom or public address system .

#### Ineligible End-user Equipment:

- Computer workstations
- End-user telephone sets
- Fax machine
- Cameras
- Microphones
- Videotape recorders
- Personal digital assistant (PDA)
- CD/DVD player
- Pager
- Printer
- Two-way radio
- End-user telephones and end-user voice mail components such as answering machines are not eligible. In addition, telephone components not essential for the transport of telephone services within the school or library are not eligible (unless included as an integral component of a standard product offering for an eligible product at no additional cost).

#### Ineligible Video Components:

- End-user video equipment and equipment for the creation of video content is not eligible for discount. Examples include video monitors, televisions, video cameras, and video recorders and playback devices.

- **Broadcast and cable television equipment used for the display or distribution of broadcast and cable television signals**

See the Miscellaneous section of this document for additional entries applicable to Internal Connections. For example, finance charges and termination charges are not eligible.

## Basic Maintenance of Internal Connections

Basic Maintenance ensures the necessary and continued operation of eligible internal connection components at eligible locations.

No funding for a technical support contract will be provided if it includes services that exceed basic maintenance as defined in this section.

All requests in this category are for services to be delivered within the July 1 to June 30 Funding Year.

Although Internal Connections is subject to the provisions of the "Two-in-Five Rule," this rule does not apply to Basic Maintenance.

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| <p style="text-align: center;"><b>Maintenance and Technical Support of Internal Connections</b></p> | <p>Necessary basic maintenance services are defined as follows: "but for the maintenance at issue, the connection would not function and serve its intended purpose with the degree of reliability ordinarily provided in the marketplace to entities receiving such services without E-rate discounts." The following maintenance services are eligible:</p> <ul style="list-style-type: none"> <li>• Repair and upkeep of eligible hardware</li> <li>• Wire and cable maintenance</li> <li>• Basic technical support</li> <li>• Configuration changes</li> </ul> <p>Basic maintenance is eligible for discount only if it is a component of a maintenance agreement or contract for eligible components. The agreement or contract must specifically identify the eligible components covered, including product name, model number, and location.</p> |
| <p style="text-align: center;"><b>Ineligible Basic Maintenance of Internal Connections</b></p>      | <p>The following products and services are <b>NOT ELIGIBLE</b>:</p> <ul style="list-style-type: none"> <li>• On-site technical support (<i>i.e.</i>, contractor duty station at the applicant site) when off-site technical support can provide basic maintenance on an as-needed basis.</li> <li>• Services such as network management and 24-hour network monitoring.</li> <li>• Help desks that provide a comprehensive level of support beyond basic maintenance of only eligible components.</li> <li>• Technical support contracts that are more than basic maintenance.</li> </ul> <p>In addition, software <u>Client Access Licenses</u> are not eligible as Basic Maintenance. However, Client Access Licenses for eligible software products may be eligible in the Internal Connections funding category.</p>                                 |

Eligible basic maintenance does not include services to *maintain ineligible equipment, to enhance the utility of equipment beyond the transport of information, or to provide diagnostic services in excess of those necessary to maintain the equipment's ability to transport information.*

**Miscellaneous**

The service category for entries in this section should reflect the same category as the product or service being installed or obtained--Telecommunications Services, Internet Access, or Internal Connections.

| <b>Product Type (Function)</b>  | <b>Description</b>   |
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| Interconnected Voice over Internet Protocol ( <u>Interconnected VoIP</u> ) Services | Funding requests for <u>interconnected VoIP</u> services may be submitted in the Internet Access category. <sup>1</sup>  |
| Installation and Configuration  | <p>Installation, activation, and initial configuration of eligible components are eligible if they are part of a contract or bid for those eligible components. Such eligible services may include basic design and engineering costs and basic project management costs if these services are provided as an integral component part coincident with installation.</p> <p>In addition, on-site training is eligible as a part of installation services but only if it is basic instruction on the use of eligible equipment, directly associated with equipment installation, and a part of the contract or agreement for the equipment. Training must occur coincidentally or within a reasonable time after installation.</p> |
| Miscellaneous Fees and Charges  | <p>Fees and charges that are a necessary component of an eligible product or service are generally eligible, including:</p> <ul style="list-style-type: none"> <li>• <u>Change fees</u></li> <li>• <u>Freight assurance fees</u></li> <li>• <u>Shipping charges</u></li> </ul> <p>The following fees and charges are eligible only if a contract with a vendor for eligible product or services specifically provides for these costs:</p>   |

<sup>1</sup> We include interconnected VoIP as an eligible service irrespective of whether this service is a telecommunications service or an information service. The Commission has included both information services (i.e., Internet access and voicemail services) and telecommunications services as Priority One services eligible for discounts under the universal service support mechanism. *Schools and Libraries Universal Service Support Mechanism*, CC Docket No. 02-6, Second Report and Order and Further Notice of Proposed Rulemaking, 18 FCC Rcd 9202, 9212, para. 29 (2003). As such, the regulatory classification of interconnected VoIP service does not affect our inclusion of these services as eligible services here. The Commission plans to take all necessary actions to conform its rules to this decision.

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|   | <ul style="list-style-type: none"> <li>• <u>Per diem</u></li> <li>• <u>Travel time</u></li> </ul> <p>Extended warranties and service contracts are eligible only for that portion associated with the relevant funding year. However, a manufacturer's multi-year warranty provided as an integral part of an eligible component without separately identifiable cost can be included in the cost of the component.</p> <p>Lease fees to rent or lease eligible components are eligible.</p> <p>Taxes, surcharges, and other similar, reasonable charges incurred in obtaining an eligible product or service are eligible. This includes customer charges for universal service fees but does not include additional charges for universal service administration.</p> <p>A reasonable <u>contingency fee</u> is eligible only if it is a regular business practice of the service provider.</p>                           |
| <p>Voice Mail Service</p>   | <p>A <u>voice mail service</u> is eligible.</p> <p>Funding requests for a voice mail service may be submitted in the Telecommunications Services category of service if provided by an eligible telecommunications carrier or may be submitted in the Internet Access category of service if provided by any service provider.</p> <p>In addition, voice mail equipment may be requested in the Internal Connections category of service, but funding is not available for end-user products such as answering machines.</p>  |
| <p>Other Miscellaneous Ineligible Components</p> <p><i>(Not Eligible)</i></p> | <p>In addition to components indicated in other sections of this Eligible Services List, the following components are <b>NOT ELIGIBLE</b> for discount:</p> <ul style="list-style-type: none"> <li>• Interest or finance charges</li> <li>• Late payment fees</li> <li>• Performance bond</li> <li>• Termination charges</li> </ul> <p>Duplicative products or services are not eligible. Any product or service that is duplicative of a service already requested or being used by the applicant will not be eligible. Services that provide necessary bandwidth requirements consistent with an applicant's Technology Plan, such as multiple T-1 lines when appropriate for the population served and the services to be received, are not duplicative.</p> <p>Failover products or services are not eligible. Any stand alone products or services that are only utilized when the primary fails are not eligible.</p> |

Broadcast television, cable television, Instructional Television Fixed Service (ITFS), and satellite television are not eligible for discount.

Creation of software programs or functions such as through computer programming is not eligible.

**Ineligible Installation and Configuration:**

Consulting services not directly tied to and coincident with basic installation and configuration of eligible services are not eligible. Services that are **NOT ELIGIBLE** include but are not limited to the following:

- Initial planning to determine the technology and/or components to be deployed.
- Network architecture design.
- Development of technology plans.
- Application assistance, program advice, and other activities not tied directly to actual installation and initial configuration of components.

In addition, the following Installation and Configuration components are **NOT ELIGIBLE**:

- Labor costs for school and library personnel.
- Costs for contractor personnel to operate components.
- Costs for network management software, services, and equipment.
- Test equipment and tools.
- End-user training, such as training of teachers and staff in the use of covered services in their programs of instruction or for professional development.
- Construction costs, other than incidental charges to restore a facility to pre-installation conditions.

## Special Eligibility Conditions

The Universal Service Administrative Company maintains additional documentation regarding the administration of the Schools and Libraries Support Mechanism at the Schools and Libraries Division website, available at <http://www.usac.org/sl/>. These documents are not included by reference in this ESL.

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| <p><b>Ancillary Use</b></p>                    | <p>If a product or service includes ineligible functionality, then, in general, the proportionate cost of this functionality must be removed from funding requests through a cost allocation process. However, in certain limited cases, if any ineligible functionality is not significant and strictly ancillary to the principle uses of the product or service, the full product or service may be eligible for discounts.</p> <p>The following conditions are considered when evaluating whether ineligible functionality is ancillary: (1) a price for the ineligible component cannot be determined separately and independently from the price of the eligible components, and (2) the specific package remains the most cost-effective means of receiving the eligible services, without regard to the value of the ineligible functionality. In addition, the applicant may not be specifically seeking one or more of the ineligible components.</p> <p>Funding requests that include only a single price for components that contain both eligible and ineligible functionality, and fail to meet the requirements for Ancillary Use, are fully ineligible. Therefore, applicants are encouraged to utilize a cost allocation process to remove ineligible functionality whenever feasible. For further information, see <u>Cost Allocation Guidelines for Products and Services</u>.</p> |
| <p><b>Cost Allocation</b></p>                  | <p>If a product or service contains both eligible and ineligible features, an applicant may use cost allocation to provide a fair delineation of the eligible and ineligible components so that partial funding can be provided. When no cost allocation is provided for funding requests that require cost allocation, USAC will contact the applicant to request such cost allocation. See the web document "<u>Cost Allocation Guidelines for Products and Services</u>" for additional information.</p>   |
| <p><b>Cost Allocation for File Servers</b></p> | <p>File servers and other components can be used simultaneously for multiple purposes, some of which are eligible and some not eligible. Cost allocation is required to remove any ineligible functionality from funding</p>  |